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Approved For Release 2001/08/28 : CIA-RDP78-01634R000100100009-1

February 10, 1951

Dear Mr. President:

In accordance with your letter of December 28th concerning US policies and programs in the economic field which may affect the war potential of the Soviet bloc, I submit herewith a report containing the recommendations of the Department of State, together with supporting material setting forth our conclusions as to the nature of the vulnerability of the Soviet bloc, the nature of the economic relationships between the Soviet and non-Soviet worlds, and the implications of alternative lines of action.

There is appended to the report an analysis of the vulnerability of the Soviet bloc, prepared in the Department of State on the basis of its own intelligence reports and of those of the Defense establishment. There is also appended an analysis of the economies and trade of the free world with Soviet bloc countries, prepared by the Economic Cooperation Administration with the assistance of the Department of State and other agencies.

The report contains a series of substantive recommendations for immediate action to strengthen our own controls and those of other friendly countries. It also recommends further exploration of a number of lines of action which there has not yet been time to consider fully.

As activities in this field require constant review and consideration and as the possible lines of action are of interest to several departments and agencies of the Executive branch, it is also recommended that an inter-departmental Economic Defense Strategy Board be established for the purpose, among others, of considering proposed economic defense programs and their relationships to foreign policy objectives and other foreign operations. If you concur in this recommendation, it would be desirable for this Board to be established promptly.

Pending the establishment of any new mechanism, I suggest that the report be considered by the National Security Council. I believe this particularly desirable as certain aspects of this subject are already before the Council.

The pressure

The President,

The White House

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The pressure of time has made it impracticable for us to seek and obtain final approval of the report from the other departments and agencies interested in this subject. We did, however, seek their comments and suggestions on our preliminary draft and have endeavored to reflect their views. We have also had the benefit of the views of the Bureau of the Budget and of Mr. Harriman's office in the development of the recommendations.

There is one additional aspect of this matter to which I should like to draw your attention. In considering the possibilities and alternatives open to this government, it became clear that the Soviet bloc economy is relatively so self-sufficient that techniques of a new and unorthodox nature must be developed and applied. Application of many of these techniques requires employment of covert measures. The Central Intelligence Agency is now preparing a document which sets forth those covert measures which appear to be germane to the conclusions and recommendations of our report.

Sincerely yours,

/sgd/ DEAN ACHESON

Enclosure:

Report to the  
President dated  
February 9, 1951

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ORIGINAL DOCUMENT MISSING PAGE(S):

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